I. Consultations

1. In paragraph 1 of its terms of reference the Working Party was asked to complete the series of consultations under Article XII:4(b) programmed for 1957. It noted that in accordance with the decision taken at the Eleventh Session (see Basic Instruments and Selected Documents, Fifth Supplement, pages 48-56) the Consultations Committee appointed at that Session had carried out the consultations with Austria, Denmark, the Federal Republic of Germany, Greece, Italy, the Netherlands, Norway and Sweden, and that the reports on those consultations (L/644 and Addenda) were before the CONTRACTING PARTIES for approval. The Working Party has conducted the remaining consultations in the programme, with Australia, Brazil, Ceylon, Finland, France, India, Japan, New Zealand, Pakistan, the Federation of Rhodesia and Nyasaland, Turkey, the Union of South Africa and the United Kingdom.

2. In conjunction with these consultations, the Working Party, in accordance with paragraphs 2 and 3 of its terms of reference, also conducted the consultations with Finland, France and India under Article XII:4(b) on the measures of substantial intensification which they had introduced in their import restrictions, and the consultations with Australia, Ceylon, New Zealand, the Federation of Rhodesia and Nyasaland and the United Kingdom, under paragraph 1(g) of Article XIV. In the case of New Zealand the consultation was extended to cover the consultation required under the Decision of 20 January 1955, granting a waiver of its obligations under Article XV:6.

3. The summary reports which record the main points of the discussion during the consultations are submitted for approval in document L/748 and Addenda.

4. In accordance with the arrangement made at the Eleventh Session, the secretariat of the CONTRACTING PARTIES had prepared a "basic document" describing the systems and methods of restrictions in each of the consulting countries. In most cases these documents included a statement on "Effects on Trade" which was either drawn up by the governments concerned or, in a few cases, prepared by the secretariat on the basis of data supplied by the governments, and therefore reflecting the views of the latter. These documents formed a basis for discussion on Parts III and IV of the Plans for Consultations.

5. Pursuant to the provisions of Article XV, the CONTRACTING PARTIES had invited the International Monetary Fund to consult with them regarding these consultations and in each case the Fund had accepted the invitation to consult. In accordance with the agreed procedures, the Fund supplied the CONTRACTING
ARTIES with certain material relevant to the consultations to be held, including the results and background material from the Fund's consultations with the countries concerned. In a number of cases the Fund had prepared background papers or supplementary papers especially for the assistance of the CONTRACTING Parties. The data supplied by the Fund were referred to and taken into account by the Working Party in the course of the consultations and the Fund's representative participated in the discussions. The Working Party wishes to record its appreciation of the assistance thus rendered by the Fund.

6. In the course of the consultations the representatives of the consulting countries addressed the Working Party on their balance-of-payments situations and prospects, and provided information under the various headings in the relevant Plans recommended by the CONTRACTING Parties for consultations. The representatives of the consulting countries readily answered various questions on the different aspects of the restrictions and participated in the discussions on all questions in which members of the Working Party showed an interest. In certain cases the representatives stated that they were willing to convey the views expressed by the representatives of other contracting parties on specific points to their governments for consideration. The Working Party wishes to record its appreciation of the frank and co-operative attitude of the representatives.

7. In the light of the Decision of 5 March 1955, granting a waiver to Czechoslovakia of its obligations under paragraph 6 of Article XV, an exchange of views took place in the Working Party.

II. Report on Discriminatory Import Restrictions

8. Under paragraph 4 of its terms of reference the Working Party was asked to draw up the Eighth Annual Report on the Discriminatory Application of Import Restrictions, required under paragraph 1(g) of Article XIV. The draft prepared by the Working Party is submitted for adoption in document W/... In drawing up that Report the Working Party took account of the data supplied by the governments concerned and gathered from other sources, in particular the International Monetary Fund, and a substantial amount of information was obtained in the course of the consultations held in the past year. The Report also reflected certain general views on the maintenance of import restrictions that had been expressed by contracting parties in the course of those consultations.

III. Action to Implement the Revised Provisions of Articles XII and XVIII:

9-17. \( \overline{W.12/19} \) as amended will be incorporated.

IV. Proposal to Amend the Waivers Granted Czechoslovakia and New Zealand

18. The Working Party came to the conclusion that such consultations as had been carried out on the waivers granted under the provisions of Article XV:6
had not served a very useful purpose and had indeed been something in the nature of a formality. That this had been so seemed to arise from the nature of the subject-matter of the waivers which, as distinct from other matters covered by waivers, did not seem to require regular consultations whether or not there had been any action taken which would render consultations desirable and fruitful. This appeared to have been recognized when the CONTRACTING PARTIES were considering the somewhat similar situation in the case of the provisional accession of Switzerland, where the CONTRACTING PARTIES provided for consultation upon the request of any contracting party which considered that Switzerland had taken exchange action which might have a significant effect on the application of the provisions of the General Agreement or was inconsistent with the principles and objectives of the special exchange agreement.

19. Consequently the Working Party recommends that the Decisions granting waivers to Czechoslovakia and New Zealand be amended so as to dispense with the annual consultations required, irrespective of previous action by the countries concerned. A text of the decisions proposed by the Working Party is annexed.

20. In recommending these decisions the Working Party wishes to put on record its understanding that a contracting party desiring to consult under paragraph 3 of the Czechoslovak waiver or paragraph 4 of the New Zealand waiver, with respect to a particular exchange action, would have due regard to whether and the extent to which such action affects trade in the sense of Article XV.

ANNEX

[Incorporate Annex A to W.12/25.]